Cigaret sales in downspin

By JOHN C. MAXWELL JR.

It appears to us that cigaret industry totals for 1983 will come in a bit lower than anticipated. We currently are looking for 590 billion to 597 billion units at yearend, against 624 billion in 1982.

The higher number in our 1983 range presumes yearend loading. Basically, we are predicting a 5% to 6% drop in units.

The snapback in consumption does not seem to be as buoyant as we had hoped. At this time, consumption appears to be down at least 4% at an annual rate. This leads us to believe that next year's snapback will not be all that large, with totals reaching 600 billion to 605 billion units at best, which might even turn out to be high.

The primary adverse effect has been the doubling of the federal excise tax. We believe the industry also has been hurt by aggressive tax increases in more than 12 states this year, and that number may be equaled in calendar 1984.

We also believe that health concerns increasingly are affecting smoking habits; this could be compounded, depending on what sort of labeling bill comes out of Congress.

The bottom line to all of this is that we may have seen the all time hign in cigaret consumption, and after 1984's rebound we may find 1985 and beyond with lower numbers. Therefore, we consider the industry even more of a market-share game than in the past.

As noted in the attached tables, Philip Morris USA has bypassed R.J. Reynolds Tobacco Co. by a considerable margin in market shares. Also, Lorillard passed American Tobacco and moved into fourth position.

However, neither Reynolds nor Brown & Williamson put in final price increases in January, 1983, which meant substantial inventory liquidation in the field on the part of both companies in the first quarter. This indicates that these two companies' market shares have been understated in 1983.

As far as 1983 goes, three companies had absolute unit volume gains. Philip Morris was up 0.3%, Lorillard up 1.5% and Liggett & Myers Tobacco Co. up 51%. In the latter case, generics were the entire reason, and it appears generics now are running at an annual rate of 3% to 3.5% market share.

It should be pointed out that generic brands sell for at least $2 a carton less than the major advertised brands. We believe this may help to put a cap on further price increases by the industry, at least in the near future.

We point out again that the government freeze of tobacco leaf prices, the winding down of the allotment situation (which terminates in 1987) and new cigaret-making machinery that will double manufacturing capacity over the next couple of years should help to reduce industry costs.

The companies have been realistic about their outlook for the industry, and production schedules at the major companies (such as Reynolds, Philip Morris and American Tobacco) reflect layoffs of considerable numbers of workers. Unless the industry shows some rebound, we expect further cutting.

The name of the game will be to continue to make sure that costs stay under control. In a deflationary economy, it is very difficult to raise prices. We may see a return to pricing only once every 12 to 18 months, as was prevalent before the recent inflationary period.

Marlboro cigarets continue to do well. One out of five cigarets smoked in the U.S. is a Marlboro.

Philip Morris' new Players appears to have approached a 1% share, which is excellent for a fresh entry. While Reynolds' Century shows only a 0.3% market share for this year, note that it is distributed in only two-thirds of the country and is running at a rate of 0.7% to 0.8% share wherever it is sold. It is too early to make estimates on Brown & Williamson's Richland 25.

The fastest-growing cigaret in the industry is Lorillard's Newport, up 9.7%, bringing it into 11th position. It missed the top 10 this year only because of the reintegration of the Golden Lights category into the Kent family of brands, which gave Kent a higher share.

As we pointed out in this report a year ago, low tar appears to have topped out. In our tables, you can see a drop from a 58.8% share in 1982 to an estimated 53.2% in 1983.

It also appears that the companies gradually are moving their tar content back up by several milligrams. This is exactly what happened in Germany. Obviously a cigaret with some tar in it tastes better than those with none.#

Mr. Maxwell is with Lehman Bros. Kuhn Loeb in New York.

Cigaret's top ten

(Billions of units, per cent of market)

Company / Brand	Units 1982	Units 1983	Per cent 1982	Per cent 1983
Philip Morris				
Marlboro	119.64	118.63	19.2	19.9
Benson & Hedges	29.97	29.43	4.8	5.0
Merit	28.00	26.85	4.5	4.5
Total	**177.61**	**174.91**	**28.5**	**29.4**
R.J. Reynolds				
Winston	82.27	72.61	13.2	12.2
Salem	54.96	49.26	8.8	8.3
Camel	30.49	27.04	4.9	4.5
Vantage	24.37	22.43	3.9	3.7
Total	**192.09**	**171.34**	**30.8**	**28.7**
Brown & Williamson				
Kool	51.12	42.23	8.2	7.1
American Brands				
Pall Mall	27.00	24.58	4.3	4.1
Lorillard				
Kent	25.77	23.42	4.1	3.9
Grand Total	**473.59**	**436.48**	**75.9**	**73.2**

Source: Lehman Brothers Kuhn Loeb Research

Low-tar cigaret consumption

(Estimated, billion of units, per cent of market)

Company	Units 1982	Units 1983	Per cent 1982	Per cent 1983
Philip Morris				
7-15 mg	92.48	93.79	14.8	15.8
0-16 mg	9.98	13.26	1.6	2.2
Total	**102.46**	**107.05**	**16.4**	**18.0**
R.J. Reynolds				
7-15 mg	141.34	82.08	22.7	13.7
0-6 mg	17.87	16.55	2.8	2.8
Total	**159.21**	**98.63**	**25.5**	**16.5**
Lorillard				
7-15 mg	24.98	25.91	4.0	4.3
0-6 mg	13.46	12.29	2.2	2.1
Total	**38.44**	**38.20**	**6.2**	**6.4**
Brown & Williamson				
7-15 mg	25.06	21.39	4.0	3.6
0-6 mg	9.22	7.27	1.5	1.2
Total	**34.28**	**28.66**	**5.5**	**4.8**
Liggett Group				
7-15 mg	9.06	22.68	1.5	3.8
0-6 mg	—	—	—	—
Total	**9.06**	**22.68**	**1.5**	**3.8**
American Brands				
7-15 mg	10.89	11.09	1.7	1.8
0-6 mg	12.61	11.28	2.0	1.9
Total	**23.50**	**22.37**	**3.7**	**3.7**
Total				
7-15 mg	**303.81**	**256.94**	**48.7**	**43.0**
0-6 mg	**63.14**	**60.65**	**10.1**	**10.2**
Grand total	**366.95**	**317.59**	**58.8**	**53.2**

Source: Lehman Brothers Kuhn Loeb Research

U.S. cigaret manufacturing

(Billions of units, per cent of market)

Company	Billions of units: Domestic 1982	Domestic 1983	Export 1982	Export 1983	Total 1982	Total 1983	Share of Domestic Mkt. 1982	Share of Domestic Mkt. 1983
Phillip Morris	204.43	205.00	47.40	42.00	251.83	247.00	32.8%	34.4%
R.J. Reynolds	208.79	190.12	29.25	18.00	238.04	208.12	33.4%	31.9%
Brown & Williamson	83.18	67.70	14.20	11.00	97.38	78.70	13.3%	11.4%
Lorillard	54.36	55.17	—	—	55.17	54.36	8.7%	9.2%
American Brands	55.35	51.50	0.65	0.55	52.05	56.00	8.9%	8.6%
Liggett Group	17.90	27.10	—	—	17.90	27.10	2.9%	4.5%

Source: Lehman Brothers Kuhn Loeb Research

agency people

Kemp to UniWorld exec vp

NEW YORK—Herb Kemp has been named exec vp-director of account services of UniWorld Group, a black-owned ad agency here. Mr. Kemp formerly was vp-management supervisor at J. Walter Thompson USA. He succeeds Melvin Fallis, who left late last month to start his own business in Atlanta.

Other people moving:

Robert Michaels to exec vp, Cadwell Davis Partners, New York, from senior vp-management supervisor, Laurence, Charles & Free.

Joyce Kayhart, management supervisor, AC&R Advertising, New York, to senior vp.

Tom Rosenwald to senior vp-pharmaceuticals, M.E.D. Communications, Hopelawn, N.J., from vp-account supervisor. Also, **Norbert Lempert** to vp-account supervisor, a new post, from a similar post, Robert A. Becker Inc., and **Norman Goldberg** to vp-marketing, a new post, from director-market research.

William Curreri to senior vp-group director, client services, Medicus Intercon, New York, from senior vp-group supervisor. Also, **Nicholas Maiale** to representative director in Japan from group director of client services, New York, succeeding **Ralph Muolo**, who becomes deputy manager, Italy, and **Margaret Borchers** to account supervisor from account exec.

Joseph Viverito to senior vp-creative director, Kane, Bortree & Associates, New York, from vp-associate creative director, D'Arcy-MacManus & Masius, New York.

Barbara Carnegie to vp-creative director, Collaborative Group, Portland, Ore., a new post, from vp-associate creative director, Campbell-Mithun, Chicago.

George Parker to vp-creative director, Coakley Heagerty, Santa Clara, Cal., a new post, from managing director, Ehrenstrale & Co., London, a division of BBDO International.

Michael Jans to associate creative director, McCann-Erickson, San Francisco, from a similar post, J. Walter Thompson USA, San Francisco. Also, **Michael Goodwin** to art director from a similar post, D'Arcy-MacManus & Masius, San Francisco. He succeeds **Judy Larkin**, who moved to a similar post, Foote, Cone & Belding, San Francisco. At the Troy, Mich., office, **Garry Nielsen** to vp-senior copywriter from vp-associate creative director, BBDO, Southfield, Mich.

Cynthia Anderson to media director, CHA/Claire Harrison Associates, San Francisco, from the same post, Criswell Division, San Francisco. She replaces **Linda Borchill**, who left.

Patrice Carroll and **Elizabeth O'Brien** to network supervisors, SSC&B, New York, from network negotiators.

Darlene Koplien to media planner, Needham, Harper & Steers/USA, Los Angeles, a new post, from media supervisor, Wells, Rich, Greene/West, Los Angeles.

Marcy Donley to account supervisor, Carlson, Liebowitz & Olshever, Los Angeles, from a similar post, Wayne E. Smith & Associates, Los Angeles. Also, **Steve Kepher** to account supervisor, from account exec.

James Witham to vp-senior art director, Quinn & Johnson/BBDO, Boston, from senior art director, Humphrey Browning MacDougall, Boston.

Dorothy Murphy to vp-media, Fearon O'Leary Kaprielian, New York, from media planning supervisor, Ted Bates Advertising. Also, **Santo Cambareri** to exec art director from art director, Ketchum Advertising.

Linda Roberts to director-media services, John Malmo Advertising, Memphis, from the same post, Jan Gardner & Associates, Atlanta.

Judith Beskin to associate media director, Cascino & Purcell, Atlanta, from a similar post, Lawler Ballard, Norfolk, Va.

Nick Howse to media director, Burrell Advertising, Chicago, from associate media director, Bozell & Jacobs.

Martha Hendrix-Baledge to associate media director, Mangan Rains Ginnaven Holcomb, Little Rock, Ark., from media buyer.

Joan Scheeter to media director, Don Costello & Co., Chicago, from regional field sales media supervisor, Seven-Up Co., St. Louis.

Pamela Ott to media director, Ebey, Utley, van Bronkhorst, Mountain View, Cal., from sales rep, KNTV, San Jose.

Mary Salmich to associate media director, Bozell & Jacobs, Chicago, from media supervisor, Foote, Cone & Belding.

Samuel Chisholm to senior vp-director of client services, Mingo-Jones Advertising, New York, from vp-management supervisor.

Lyle Brumfield Jr. to senior vp-client services, Stockton, West, Burkhart, Cincinnati, from vp-director of marketing services, G.M. Feldman & Co., Chicago.

Barbara Iannucci to account supervisor, Barkley & Evergreen, Kansas City, from account exec.

Marion Wood to account supervisor, Kobs & Brady, New York, from account exec.

Peter D. Mineo to account supervisor, Dugan/Farley Communications, Montvale, N.J., from previous post as an account exec.

Miles Jackson to vp-account supervisor, The Pitluk Group, San Antonio, from account management supervisor, Goodwin, Dannenbaum, Littman & Wingfield, Houston.

B.W. McDonald to account supervisor on the Midland International Corp. account, Sandven Advertising, Kansas City, Mo., from the same post, Barkley & Evergreen, Kansas City, Mo.

Beverley J. Samuelson to account supervisor on several residential real estate accounts, King Advertising, Newport Beach, Cal., from marketing director, Danielian Associates, a Newport Beach architectural company.

ELECTED VPs:

Jennifer B. Greenblatt, Medicus Intercon, New York...**Charles J. Skuba**, Dancer Fitzgerald Sample, New York...**Dennis Whitpen**, Foote, Cone & Belding, New York...**Jacqueline Grace**, **James Eaton** and **Thomas Lentz**, Kenyon & Eckhardt, New York...**Douglas Fidoten**, AC&R Advertising, New York...**John Havrilla**, **Matt McNerney**, **Alisa Gabriel**, **Vicki Logan** and **David Sumner**, Jordan, Case & McGrath, New York...**Lewis C. Randall**, Deutsch, Shea & Evans, New York...**William Anderson** and **Richard Melenchuck**, Knoth & Meads Co., San Diego...**Tom Kirk** and **Jack Valente**, Needham, Harper & Steers, Los Angeles.#

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Marketing's stepchild comes into its own

By Lori Kesler

The woman in blue jeans steps out her front door, a smile of expectation playing on her lips. "What's in the mailbox today?"

The smile fades. "Junk mail," she mutters as she pulls out two credit card bills, a magazine, a catalog, a free sample of shampoo, an envelope bulging with coupons and a large four-color folder soliciting season tickets to the symphony.

She's not thrilled with what she found in her mailbox. She'd rather have a letter from home, and direct marketers know that only too well.

"With an impersonal medium like the mail, it's quite a challenge to get someone you don't know interested in something she doesn't think she wants," says John De Pasquale, chairman of the Direct Marketing Group, New York.

But there's more to this scene than meets the eye. Indeed, nothing in that mailbox arrived there by accident.

"Segmentation is the name of the game," says John C. Holt, executive vp at Dun & Bradstreet Corp. "Reaching the best audience for a product, efficiently—that's direct marketing."

The woman on the front porch looks through her mail. Once inside, she puts the sample shampoo in her shower. She glances through the package of coupons and stuffs several in her purse. The symphony folder and catalog end up on her desk. She'll study them later.

So direct marketers scored pretty well after all. But they're not done yet. This woman also will find direct marketing ads in her magazine and statement stuffers in her bills.

And often—perhaps more often than she realizes— she'll respond.

Of course, these days the mailbox isn't direct marketing's only media tool, or even its most powerful. The telephone, newspapers and magazines, tv and radio figure into the picture, too, as do experiments with shopping via interactive cable tv, videotex and teletext and home computers.

In fact, the telephone has moved into the No. 1 spot as the biggest direct marketing and direct response medium—or at least the one on which the most dollars are spent.

Last year, an estimated $12.9 billion was spent on telemarketing, more than the $11.4 billion that was dropped for direct mail.

To be sure, the numbers can be confusing. Telephone direct marketing expenditures are tallied up to include 800 toll-free systems (in-WATS) and outgoing telephone marketing (out-WATS), along with local telephone marketing operations.

Robert DeLay, president of the Direct Marketing Assn., says some of the 800 number activity might well be categorized as customer service.

But he believes many companies—including some major package goods manufacturers—also are using the 800 customer service systems as a testing ground for more ambitious direct-selling programs.

Direct mail, for its part, is expected to increase spending by 13% in 1983, according to Robert Coen, senior vp-director of forecasting at McCann-Erickson, New York.

That would put direct mail's growth rate well ahead of network tv's 11% and national newspaper advertising's 8% projected growth for 1983.

Mr. Coen believes direct marketing is likely to become increasingly popular, especially among young families in which both spouses work.

"Time's a problem for these people, and they're often relatively affluent," he says. "In this group, there's a greater willingness to employ direct response techniques."

It's no wonder, then, that the world of direct marketing is growing at a healthy clip. Its sales volume totaled about $138 billion in 1982, up from $125 billion in 1981, $112 billion in 1980 and $82 billion in 1977, according to DMA figures.

Consumer mail order sales accounted for about $40 billion of that total last year, with the remainder coming from such other sources as telephone or tv and from such categories as magazine subscriptions, political and fund-raising contributions and business-to-business sales.

The DMA predicts that by the year 2000, one in every four consumer dollars will be spent on mail-order sales.

A decade ago, the direct marketing field belonged mostly to catalogers, magazine publishers (for circulation promotion),

(Continued on Page M-10)

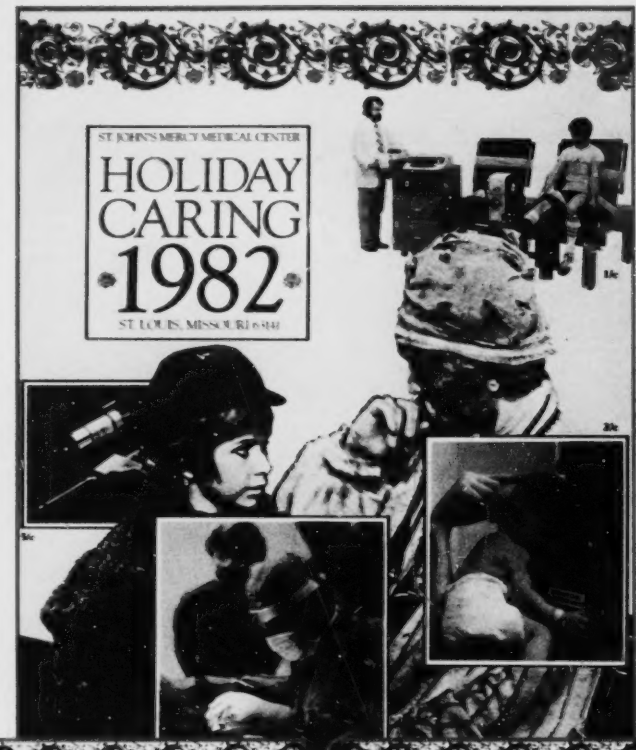
Lori Kesler is an Advertising Age correspondent in St. Louis.

Photos by Mary Herlehy

Toasting a friend across the miles is as easy as pushing a button thanks to 800 Spirits (above) and several other "liquor-by-wire" services. See story on Page M-42.

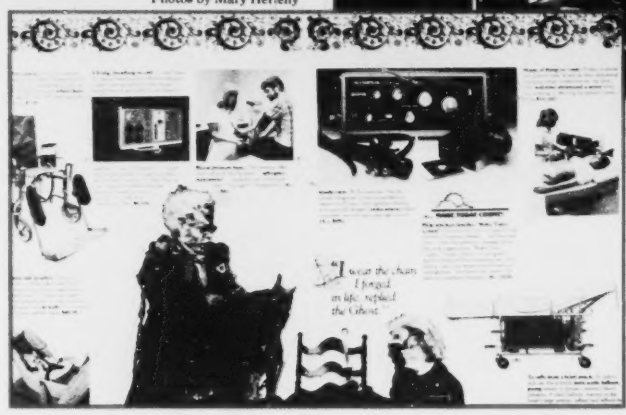
The rising cost of running a well equipped medical facility was brought home to recipients of a holiday "gift" catalog (at right) from a St. Louis hospital. See story on Page M-54.

The many faces of



It's all direct marketing—eliciting a response, prompting an action—whether it's a consumer catalog or a brochure to business executives.

It must cut through the



For the first time the hand appeared to shake.
"I will honour Christmas in my heart, and try to keep it all the year. I will live in the Past, the Present, and the Future. The Spirits of all three shall strive within me. I will not shut out the lessons that they teach."

Stepchild

(Continued from Page M-9)
book and record clubs and fund-raisers.

Now, says Mr. De Pasquale, "there's hardly an industry anywhere that doesn't use direct marketing or mail in some form."

But if you're looking for the real excitement in direct marketing today, watch the action in business-to-business sales, financial services and retailing.

Maxwell Sroge, publisher of the "Non-Store Marketing Report" and "Catalog Marketer," calls office and computer supplies the most explosive product growth area.

"This trend to direct marketing business-to-business products has been building momentum for the past 10 years, but now," he says, "it's a fever pitch. You can buy a computer or a typewriter by phone or from a catalog. IBM, Xerox and Digital Equipment all have mail order subsidiaries."

It's not hard to understand why. The sales representatives for office equipment manufacturers like to concentrate on the big items. Says Mr. Sroge, "No salesman wants to bother with selling ink for the computer."

Yet, he notes, parent companies make terrific profits on small equipment and office supplies, "and they find that catalogs and 800 numbers carry that business very well."

Then, too, the cost of fielding a national sales force has led some business-to-business marketers to seek more imaginative sales techniques.

"When the cost of a personal sales call exceeds $150, that leaves quite a margin of latitude for direct marketing," says Mr. De Pasquale.

Indeed, an IBM marketing executive last year told a seminar group that his company sells thousands of typewriters costing $1,000 or more through direct mail and print ads carrying toll-free 800 numbers. "The typewriter has reached a commodity stage and no longer needs a rep to sell it," he said.

Business-to-business mar-

(Continued on Page M-64)

The methods behind the sale

Expenditures in direct marketing advertising, 1977-1982

(in $ millions)

	1982	1981	1980	1979	1978	1977
Coupons	127.1	94.6	84.2	72.0	61.0	84.0
Direct mail	11,359.4	10,566.7	9,998.7	8,876.7	7,298.2	6,966.7
Consumer magazines	167.0	150.0	135.0	123.0	99.8	86.2
Business magazines	66.0	59.0	53.0	47.0	49.4	49.4
Newspapers	70.6	73.0	60.6	54.4	58.0	42.8
Newspaper preprints	2,500.0	2,288.5	2,032.4	1,779.5	1,390.0	1,086.0
Telephone	12,935.6	11,467.0	9,845.0	8,555.6	8,555.6	7,699.0
Television	339.0	295.0	253.0	217.0	265.0	340.7
Radio	33.0	29.0	26.0	23.0	N/A	N/A
Total	**27,597.7**	**25,022.8**	**22,487.9**	**19,748.2**	**17,777.0**	**16,354.8**

Source: Direct Marketing Assn.

Note: Creative costs not included in any of the above figures.

The results

Estimated total U.S. direct marketing sales volume 1975-1982

($ billions)	
1975	$ 60
1976	$ 75
1977	$ 82
1978	$ 87
1979	$ 99
1980	$112
1981	$125
1982	$138

Source: Direct Marketing Assn.

Stepchild

(Continued from Page M-10)

keters also have moved heavily into telemarketing, and they're exploring the emerging technologies often associated with home shopping. In fact, Mr. DeLay predicts much of the new electronic technology will find its way into America's offices long before it reaches most homes.

"Business already has some pretty sophisticated electronic information systems," he says, because it has the money to spend and it's willing to invest in the hardware.

Electronic home shopping, on the other hand, will grow, but it won't really explode until most people can order on two-way systems—and that's several years away, Mr. DeLay says.

If business-to-business use of direct marketing has blossomed, financial institutions have jumped into the area with such vigor it surprised oldtimers.

"Banks are coming out of their cocoons," says one insider. "They finally discovered they've got to know how to sell their products and services."

Perhaps that's because a few years ago, some aggressive money market funds got the attention of bankers by using direct marketing to take business away from them.

Dreyfus, under the leadership of Time-Life Books veteran Jerome Hardy, led the march into direct marketing, and "then it just kind of exploded," says one professional. "All the financial services got into it. Now every direct marketing agency in town's working on financial projects."

Retail stores also have begun to explore direct marketing, but experts agree that most of them have a long way to go.

Although department stores tend to use catalogs to draw traffic rather than to generate direct sales, observers say a handful—such as Neiman-Marcus, May Co., Dayton-Hudson, Bloomingdale's, Lord & Taylor and Saks—have made serious direct marketing thrusts.

Some, in fact, are taking segmentation to surprising lengths. One store, for example, takes a garment such as an expensive silk blouse and finds dozens of ways to come up with accessories for it. Then it creates an accessories catalog and sends it to everyone who bought that silk blouse. "They get fantastic returns. It's a premier example of what stores will be doing in the future," Mr. DeLay says.

Mr. De Pasquale predicts another direct marketing innovation—the "magalog," which weaves editorial information into the catalog format—also will catch on with retailers.

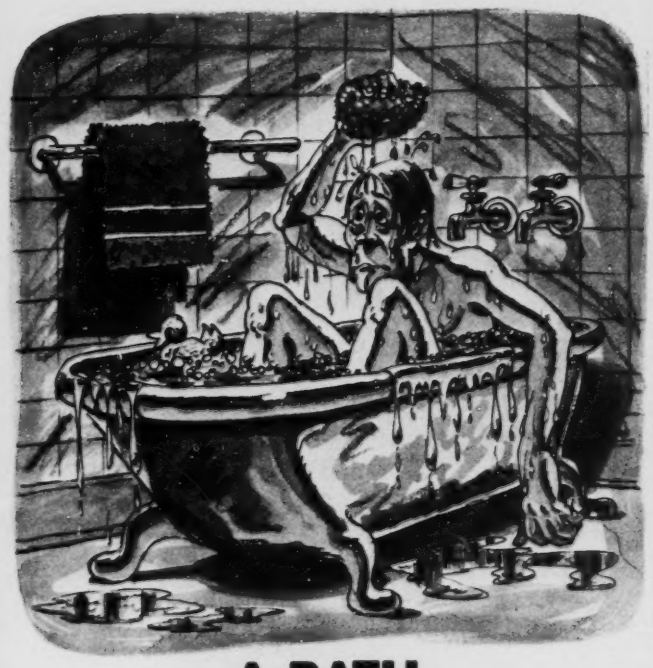
He says a few department stores are testing the concept, which originated with catalog publishers. Yet, perhaps inevitably, many retailers feel threatened by the whole idea of direct marketing because they see it siphoning business from their stores. Often they respond by ignoring it. An insider tells of reading one major merchandiser's long-term marketing plan and finding not one word about direct marketing.

Nevertheless, direct marketing professionals have urged retailers to join the movement rather than fight it. "Maybe," notes one executive, "those retailers ought to start building more warehouses instead of more stores. Maybe they should stop kidding themselves. Home shopping is going to become a way of life."

Few would argue with that assessment of the future. A quick backward glance reminds us that seemingly small changes in technology and life styles have quickly and dramatically affected buying habits.

Although catalog companies

(Continued on Page M-66)



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New group sorts out mailing list users

Remember Dustin Hoffman in "The Graduate"? A business executive took the college graduate aside and whispered in his ear the magic word for success: "Plastics."

Obviously the guy wasn't a direct marketing man or he'd have whispered, "Segmentation."

At the moment, the industry's favorite buzzword also describes a move taking place within its own ranks.

Now that the Direct Mail/Marketing Assn. has dropped the word "Mail" from its name to reflect the broadening interests of the industry, another organization has cropped up to represent just one special segment.

The new group, called Mailing List Users & Suppliers Assn. (ML/USA), says it'll devote its efforts exclusively to people who use, supply and rely on mailing lists to do business.

"Nowhere are [our] interests being represented with any degree of vigor," says Ralph Stevens, chairman of the ML/USA steering committee and president of Woodruff-Stevens & Associates, New York, a list management company. "Though large in numbers, we seem to have the least say, the least influence over what goes on in the direct marketing community. We mean to change that."

ML/USA, with 55 member companies as of early November, has hired an executive manager and is taking legal and administrative steps to set itself up as a nonprofit organization.

Mr. Stevens says the direct marketing industry has grown so big that one national organization simply can't represent all facets.

But he insists the new group isn't meant to be a rival to the Direct Marketing Assn. In fact, his company belongs to both.

Still, industry insiders say lots of mailing people were piqued when the DMA changed its name last year.

The organization that began 65 years ago as the Direct Mail Advertising Assn. became the Direct Mail/Marketing Assn. in 1973. Then at its 1982 conference, it dropped "Mail" and became simply DMA.

A DMA official said at the time that the new name "makes it clear our method of doing business can be used in any medium—print, broadcast, telephone, mail and other direct media."

Robert DeLay, the organization's president, says DMA devotes lots of attention to the needs of list brokers and buyers, but he admits it may not be enough to suit everyone.

"It's part of the growth pains we're all having in this field," he says. —*L.K.*

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Telemarketers start group

By Eddy Christman

Telemarketing, said to be the largest single marketing medium in dollar volume, has its own trade association.

Called the American Telemarketing Assn. (ATA), the group seeks to become the industry spokesman, standard bearer and code of ethics promulgator.

The new association came into being this fall, and its president, Eugene Kordahl of National Telemarketing, Randolph, N.J., is pleased by initial response.

Mr. Kordahl says ATA has had 200 inquiries from all over the U.S. He expects the current membership of 25 to double by early December.

The association now has a mailing address at 200 Park Ave. and a fulltime executive director, George Lenz.

Mr. Lenz is a professional trade association manager who has been with such groups as the National Assn. of Insurance Brokers, Insurance Information Institute and American Institute of Marine Underwriters.

Dues for ATA have been set at $500 per year for founders, charter members and regular members. This includes voting privileges—one vote per company. Nonvoting associate memberships and individual memberships are available at $250 and $100, respectively.

According to Mr. Lenz, a big year-long membership drive would be started Nov. 15.

One of Mr. Lenz' priorities is to get a seminar program "up and running." He now anticipates holding an annual meeting with an accompanying trade show "in about a year."

A prime reason for setting up the organization for telemarketers, Mr. Lenz says, is to better serve a booming industry that now "has so many different facets. It was felt that a single organization" was needed to address all the concerns of those diverse groups.

He listed those who use telemarketing techniques to sell products and services, equipment makers, and the vast array of service providers who work with telemarketers as among those "facets."

He pointed out that ATA even has an architect member—a designer of telephone centers. He said some thought has been given to establishing "interest areas" within ATA to serve specific groups.

The Direct Marketing Assn. (DMA), New York, has a telemarketing council within its organization that represents the industry. But now, some telemarketers believe that is no longer enough.

In fact, DMA's own figures suggest that telemarketing merits its own trade group. According to figures it released for 1982, telemarketing expenditures hit an estimated $12.9 billion, while the figure for traditional expenditure leader direct mail was $11.4 billion.

And telemarketers aren't alone among direct marketing people seeking trade association independence. Recently, direct mail list brokers also set up their own association. *(See related story on Page M-64)*

DMA doesn't regard either new association as a hostile group, according to public relations director Roberta Wexler. "Direct marketing is an enormous field and we welcome anything that will result in its betterment," she says.

Among the founding members of ATA are: Lee Van Vechten of Telephone Marketing Group, Howell, N.J.; Glenn Snyder of Army Times Telemarketing Co., Washington, D.C.; Norman Pensky of ADDS Telecommunications, Walnut Creek, Cal.; Richard Holck of Burroughs Corp., Rochester, N.Y., and Seldon O. Young of Nice Corp., Ogden, Utah.

Mr. Kordahl says the group is still working on its code of ethics and wants to establish clear guides that "will give direction to anyone who wants to join.

"The good will of the public and the business community is a very fragile and fleeting thing. It should not be abused by the telemarketing industry," the ATA president says. "High standards of ethics will prevail to maintain the viability of this emerging, almost-limitless marketing medium."

This story was adapted from an article that appeared in the October issue of Business Marketing. *Eddy Christman is a free lance writer and frequent contributor to* Business Marketing.

Leader of the direct marketing pack
Estimated telephone expenditures for telemarketing applications

	1982 (in $ millions)	Per cent increases over 1981
Residential originated local calls	656.4	2.1
Residential originated toll calls	821.3	6.0
Business originated local calls	5,546.8	16.6
Business originated toll, Wats, 800* calls	5,911.1	11.7
Total	12,935.6	12.8

Note: *800 service is a toll-free service paid by businesses. Therefore, residential (consumer) placed 800 calls are included in this value.
Source: Figures prepared by M.J. Sheehan, AT&T Communications.

"Joan, why does it make sense to print my catalog at Service Web in Chicago?"

In a recent telephone discussion, a color printing buyer asked that question of Joan Vanderbeck, Director of Communications at Service Web Offset Corporation, the Chicago web printers. The buyer added:

"I've always heard of Service Web as the developer of MiraColor. Isn't that just for 8½ x 11" brochures and the like?"

"No," Joan answered, "the unique combination printing program we call MiraColor is ideal for many kinds of brochures, inserts and statement stuffers. But it's also well suited to catalogs in quantities of 50,000 and 100,000. Whether you need a test run or you're marketing to smaller mailing lists, MiraColor produces eight- and sixteen-page catalogs in a number of sizes—at a significant savings."

"Joan, that sounds promising. But what if my catalog is as successful as I hope it will be? Can you handle the longer runs?"

"Absolutely. MiraColor is just part of the work we do. Color catalog printing is one of our specialties. We produce catalogs in quantities as high as 500,000, one million or even more.

"Don't ask us to print four million, however. We'd love the business, but that long a catalog run doesn't really fit our equipment."

"My sales depend on how good my catalog looks to my customers. That's a big responsibility."

"Yes, when we print your catalog, it's like being in business together. Our success depends on your success. So we try to make each catalog the best we can produce.

"Keep in mind that Service Web has 50 years experience in quality color printing."

"How does that make a difference?"

"It means that when you print your catalog with Service Web, you'll be working with a staff of dedicated printing experts. Everyone from your salesperson to the production staff is a graphic arts professional. They devote a lot of time and energy to giving you the best possible printed result.

"For example, because our presses operate around the clock, it's not unusual for a salesperson to come in at 3:00 a.m. for a press approval. Just last week, one of our customers (a knowledgeable buyer from a major Chicago direct mail company) expressed his relief that he could trust his salesperson to approve the color. He knew from his past experience with Service that he didn't have to come in himself for the press o.k. And that was for a print run of over a million catalogs."

"But every printer says they do a good job. What makes Service Web different?"

"Quality isn't just a slogan, it's an active concern at each step of the production process. When your final platemaking film arrives in the plant it's carefully checked over to see that it's correct in every detail (size, percentages, etc.). Our sales and production staff function like back-stops. Because of their training and experience they often catch things that the customer has missed.

"If a problem is discovered, your salesperson will call you immediately to discuss the recommended solution. It may be something as simple, yet important, as missing center marks, but it can make a big difference to the success of your job.

"At each stage of production, several of our trained production people keep careful watch over your catalog. Your salesperson works closely with the production staff and follows your job through the plant—not just when your catalog is on press, but also when it's in our bindery.

"The result of all that meticulous attention is what you and your customer see on the page. You'll see that the color work in your catalog is in accurate register, that the color has a fine, high gloss. And your customer will be impressed by the rich tones, the vibrant colors, the sharp details that bring the page to life."

"It sounds like Service Web salespeople aren't just order-takers. Can they actually help me in the planning stages of my catalog?"

"Not only can they help simplify your planning, they can often save you money as well. When you discuss your marketing goals early, they may be able to suggest a more economical way to produce the catalog (perhaps just a slight change in dimension) or they may suggest an innovative format. Of course Service Web can print standard 5½ x 8½" or 8½ x 11" formats very efficiently. But our high-speed web presses can produce many other formats economically. You might want to test an elegant square format or an economical mini-catalog complete with reply vehicle for use as a package or billing insert."

"Joan, I got into a real jam with my last printer because my film was a couple of days late and I couldn't get on press."

"We're very flexible. Our production planner can usually find a way to stretch a little and still meet your deadline—even if you're late. Customers frequently run behind schedule and want us to make up for lost time—so they won't miss their mail date. Your salesperson won't make any promises we can't keep, but we've "saved the day" for many a company.

"At Service, you don't need to worry about getting lost in a giant organization. We're big enough to get the job done right, but small enough to remain flexible and give you personal attention."

"What happens to my catalog once it's printed? Do I have to arrange for mailing?"

"Many experts agree that Chicago is the preferred central distribution point. When you print at Service, you'll be at the heart of the U.S. direct mail network. Service Web works closely with several top local mail houses to make sure your catalogs are mailed correctly and on time. Or we can handle drop shipments as you require to distributors or other multiple locations."

"All that sounds convincing, but I'm a little nervous about working with a printer so far away in Chicago."

"Actually we're as close as your telephone. Our customers are all over the United States. Several of them have told us it's often easier to get in touch with their Service Web salesperson in Chicago than someone at a local printer. If your salesperson is temporarily unavailable, and you need a fast answer, there's always someone knowledgeable who can help you or get the information you need. Your salesperson calls you regularly when your catalog is in production to keep you informed of how things are progressing. You'll find you're as well informed as if your office were just down the street."

You probably still have questions that were not answered in the discussion you just read. Getting the answers is as easy as picking up the phone.

Call 800/621-1567 right now. Ask for Joan Vanderbeck. If she's busy, one of Service Web's other qualified printing consultants will be happy to answer your questions or discuss your printing needs. Be sure to ask for actual samples of Service Web's catalog work to see for yourself how good your own catalog can look.

CALL TOLL-FREE
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Stepchild

(Continued from Page M-64)

introduced direct selling to mainstream America in the early years of the century, experts say direct marketing as we know it dates back only 15 years or so.

Computers and credit cards generally are credited with revolutionizing the whole process.

Credit cards, says Mr. De Pasquale, provided a convenient payment mechanism that eliminated the need for payment orders and drafts. And computers, which became a regular part of the business scene in the 1960s, allowed systematic access to names and addresses and spawned database marketing.

Now, says Mr. De Pasquale, sophisticated database systems enable a company to develop files with very specific information about each customer.

"They can have a profile that says, 'Sally Jones is married and has two children. She graduated from the University of Chicago and she bought a red dress from the September catalog,' " he explains.

But direct marketing's growth has been fueled by some powerful sociological forces as well. "The whole fabric of American society has changed in recent years," says Dun & Bradstreet's Mr. Holt. He notes that only 7% of all families fit the old stereotype in which dad works downtown and mom stays home to take care of two kids. Now that the majority of women work outside the home, says Mr. Holt, everyone's looking for a quick, efficient way to shop.

Then, too, direct response marketing as an industry has matured and its reputation has improved, so people more often risk buying a product sight unseen. Notes Mr. De Pasquale, "In the old days, people wouldn't purchase something if they couldn't try it on first."

But today, he says, people have overcome that threshold, perhaps partly due to time pressures, uninformed sales staffs, gas and parking costs—"now people think, 'If it doesn't fit, we can always send it back.' "

Mr. Coen of McCann-Erickson believes mass media image advertisers and direct response advertisers are learning they have more in common than they once thought. "They used to be in two very separate camps—the group that concerned itself primarily with image advertising and the group that sold directly via telephone, mail or direct response tv," he explains.

But now, he says, direct mailers are finding mass media advertising support improves their response rates, and direct response tv users seem to be getting more image into messages.

By the same token, companies that advertise to create image and awareness have discovered they can increase effectiveness with such direct response devices as 800 numbers.

"The two camps are becoming more aware of each other—and blending techniques," Mr. Coen says.

How direct mail stacks up
The outlook for 1983 ad spending by medium

	% Increase over '82	in $ millions
Magazines	+11	$ 4,120
National newspapers	+ 8	2,650
Network television	+11	6,895
Spot television	+ 8.5	4,730
Network radio	+20	305
Spot radio	+ 9	1,005
Direct mail	+13	11,660
Other national	+ 8	10,355
Total national	+10.4	41,720
Total local	+11.7	32,160
Grand total	+11.0	$73,880

Source: Robert Coen, senior vp-director of forecasting, McCann Erickson, New York.

Coming

Next week Advertising Age Magazine will report on the 100 Leading Markets in the U.S.

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Pittsburgh
Four Gateway Center
Pittsburgh, PA 15222
(412) 456-3500

AdWatch

(Continued from Page 3)

of first mentions. Wendy's 5.5% share was still good enough for third place, still not good enough to pose a serious challenge.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb. Ad awareness is measured by asking a national random sample of consumers to name the advertising in a variety of product categories that first comes to mind from all seen, heard or read in the preceding 30 days.

Last month, 1,250 people were questioned by phone from Oct. 1 through Oct. 20. Under adWatch methodology, an increase or decrease of 2.8 percentage points from the previous month is considered a statistically significant change attributable to more than sample variations.

BK adds a few twists

Burger King's awareness in October, 1982, rose an incredible 15.7 percentage points from 8.4% to 24.1% on the strength of that first phase of comparative advertising. Since then, several new twists have been applied to its taunting of McDonald's that have given the No. 2 burger chain some short-term boosts in awareness.

But Burger King hasn't managed to sustain those increases, while McDonald's has held its supremacy.

Following the initial jump to a 24.1% share in October, 1982, Burger King slid to 10.8% (almost back to its starting point) in February of this year. Over that same period, McDonald's, which had dropped from 45.5% to 35.8% in the first month of the challenge, steadily rebuilt its awareness.

In February, 1983, Big Mac's share was 43.6%. It has not dropped below 40% since.

Burger King's phase-two "Broiling vs. frying" campaign in March was another shot in the arm, boosting its share of first mentions nearly 11 points to 21.4%. By August, having put the comparative messages on hold while it advertised "Return of the Jedi" glasses and salad bars, Burger King again had lost much of its gain and held 14.4% of mentions.

MacDonald family has effect

True to form, the third phase of the campaign (launched in September) has again halted a slide and has boosted awareness for Burger King. The real-life MacDonald family in their false noses and glasses and "National Switch Week's" two-for-one Whopper deal captured consumer attention, allowing Burger King to close the gap with its larger rival for another month.

In other categories last month:

- Burger King's comparative strategy is an adaptation of No. 2 **soft-drink** marketer Pepsi-Cola's taste challenge to leader Coke. That battle also intensified last month.

Coca-Cola's share of first mentions dropped 3.9 points in October to 28.2% while awareness of Pepsi rose 1 point to a 27.4% share. That put the longtime rivals less than a single percentage point apart in top-of-mind ad awareness as Coke begins phasing in new campaigns for its brands, including a new comparative message for its caffeine-free product (AA, Oct. 17). 7UP, continuing its no-additives positioning, held a 7.2% share in third place.

- Posting a dramatic increase in the **airlines** category last month was Eastern Air Lines. Its 6.4 point rise was the largest jump registered to date in that segment. Its 22.4% of mentions was the largest share of consumer awareness an airline has been able to grab.

Eastern's tv advertising last month featured chairman Frank Borman explaining that, despite the name, the carrier serves a long list of domestic and international markets. Other spots focused on Eastern's new planes. But Eastern's advertising may have been especially memorable last month because Eastern's financial and labor problems were the topics of frequent news reports.

United Airlines, with 14.9%, held on to the No. 2 spot behind the continuing use of celebrity and businessperson endorsements. Stetson Hat Co. president Gary Rosenthal is among the most recent. American Airlines was No. 3 with 9.8%.

- Tylenol continued to strengthen its lead in the **medicine & drugs** category. In October, advertising for Tylenol came to mind first for 37% of the sample, a 4 point advance from September. No. 2 Anacin, meanwhile, fell back to a 7.3% share last month after a 4.4 point rise to 11.8% in September. No. 3 Bayer dropped 2 points in October to 4.2%.

Awareness of Tylenol's advertising also may have been bolstered by the news media as many reports noted the anniversary of last year's poisonings.

- Worth noting is the steady rise of U.S. Tobacco Co.'s Skoal smokeless tobacco. Unlike others' in the **tobacco products** category, Skoal's advertising still is accepted for tv, and its $2 million campaign for Skoal Bandits tobacco-in-a-pouch (AA, June 27) has increased its awareness from 3.1% in July to 7% in October. That put it closer to category leader Marlboro (9.4%) than any No. 2 previously has come. Winston remained No. 3 with 5%.

- When the 1,250 respondents last month were asked to name the first advertising that came to mind regardless of category, these were the **top 10**: (1) Coke; (2) McDonald's; (3) Burger King; (4) Miller/Lite; (5) Pepsi-Cola; (6) Chrysler; (7) Budweiser/Budweiser Light; (8) (tie) Chevrolet, Ford, Tide.#

Connors named director of tourism association

New York—Jack Connors, president of American Express Publishing and publisher of *Travel & Leisure* and *Food & Wine*, was elected a director of the Caribbean Tourism Assn. Mr. Connors chairs the tourism and travel advisory committee at the New School, New York.

Heinz testing tv usage

Pittsburgh—H.J. Heinz Co. is testing tv spots for Heinz white and cider vinegars in Richmond and Roanoke, Va. Spots are by Ketchum Advertising.

CR710-1

Advertising Age

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100 Leading Markets

A pullout section

U.K. hot, Australia not

Taking a survey of Rupert Murdoch's global empire

— International section

Corporate Closeup

Iroquois Brands hits the corporate warpath

— Page M-4

Profile issue

A special report for marketers: Individual profiles on the nation's largest metropolitan areas

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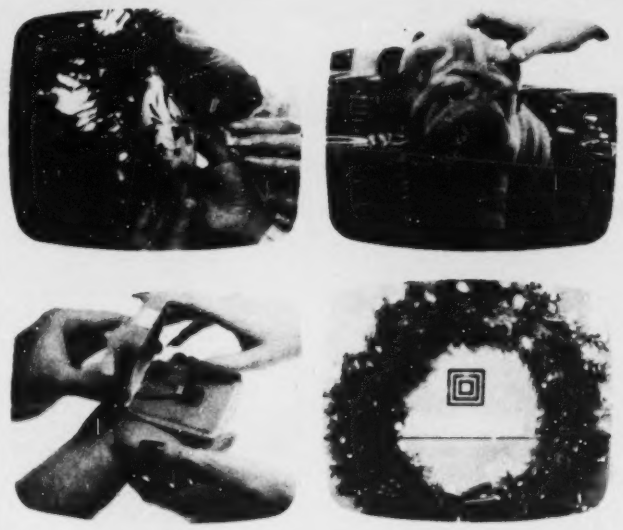


The advertising of Beneficial finance company may be viewed as a metaphor for Christmas selling. Jacking up its media spending 80% from last year, the company is slating much of a $900,000 expenditure for the coming month. Its tv spot shows expensive jewelry, personal computers and a Chinese Shar-Pei puppy, which can fetch a price of $2,500. Beneficial is not alone in believing that Christmas will turn out to be very merry for marketing and retailing, with surprising sales strength among more expensive items.

High-ticket items head for nation's Christmas trees

An Advertising Age roundup

The Christmas selling season is off to a brisk start, and retailers around the country are reporting sales increases over last year well into the double digits. High-ticket items and luxury versions of basic goods are stoking the fire.

Stereo equipment, videocassette recorders, furs, jewelry and computers are hot sellers. Shoppers are snapping up not just sweaters, but glitter-rhinestone and sequin sweaters; not just sheets and blankets, but Ralph Lauren home furnishings; not just perfume, but Muskone Ph 5, a fragrance in a gold bottle from England, said to enhance natural sex appeal, that sells for $200 and up.

Since this year is being promoted as the 80th anniversary of the teddy bear, they're being offered and embraced in varieties from under $10 to mink. Especially popular are the Bialosky bear and the Berenstain bear. And young consumers, of course, are panting after Coleco Industries' Cabbage Patch kids *(see accompanying story).*

The fourth-quarter's total retail sales are expected to reach $326

(Continued on Page 112)

. . .along with toys

By JAMES P. FORKAN

The crazed rush to buy Coleco Industries' cuddly "adoptable" Cabbage Patch Kids has received much media attention since Thanksgiving, but as early as October Coleco executives were saying the dolls were already virtually sold out at major retailers (AA, Oct. 24).

But the run on Cabbage Patch store shelves, while considerable even before Thanksgiving, reached fanatical proportions after the media fell on the story.

That media attention sparked some speculation that Coleco nursed the success and the hype around Cabbage Patch to bolster its own stock, which had suffered this year, particularly since its problems in delivering its new Adam home computer to stores. That, however,

(Continued on Page 112)

Political ad spending to top $1 billion record

By STUART EMMRICH

Within the next few weeks, candidates running for President of the United States will shift into a high gear of campaign spending that is certain to make the 1984 race the most expensive in the nation's history.

Political analysts and operatives contacted by ADVERTISING AGE estimate the Democratic field will spend more than $60 million between now and the convention in July, each vying for the chance to face Ronald Reagan in the November general election.

That general election will also almost certainly set a record for political spending—courtesy of the federal government. Each of the two major party candidates will receive $40 million in federal funds, a hefty inflation-factored boost from the $29 million that Mr. Reagan and Jimmy Carter each received from the government in 1980.

With congressional, state and local races being held in addition to the presidential race, the total amount of money spent by various candidates on political advertising in 1984 will easily exceed the $1 billion mark, first reached in 1980.

'84 Marketing the Candidates

This analysis of ad spending is the first in a series of articles in which AA *will examine the advertising and marketing aspects of the 1984 political campaigns.*

Walter Mondale and John Glenn, the acknowledged frontrunners in the Democratic race for President, already are counting on bankrolls of up to $15 million each to finance their operations through the early—and crucial—part of the upcoming primary season.

The two candidates' coffers are expected to receive an infusion of cash after two ambitious fund-raising ventures on Dec. 10.

Walter Mondale has purchased five minutes of prime time tv on CBS for a fund-raising commercial that night; John Glenn is holding a huge fund-raising event in Austin, Tex., that same day. Both candidates are hoping to raise $1 million with those efforts.

The other six Democratic candidates, ranging from South Carolina Sen. Ernest Hollings to former Florida Gov. Reubin Askew, are scrambling to put together financing of up to about $2 million each to keep them in the race at least through the first two or three primaries.

Although it is difficult to pinpoint just how much of the money being raised by candidates will go directly to advertising, political operatives say that, as the primary season nears, a huge proportion—usually between 50% and 60%—of each candidate's budget will be spent on advertising.

Aides to John Glenn, for instance, have estimated that in the first two months of 1984 their can-

(Continued on Page 114)

NH&S joins lengthy list of former agencies

Gallo fills up O&M's cup

By RUTH STROUD

E.&J. Gallo Winery, well known for its sometimes tenuous, short-lived relationships with advertising agencies, has moved its remaining $7 million in billings from Needham, Harper & Steers/USA, Los Angeles, to Ogilvy & Mather, San Francisco.

The brands involved include Andre sparkling wines, E&J brandy, Carlo Rossi, its newly introduced Polo Brindisi and new products.

O&M currently handles about $25 million in Gallo business—its varietal and premium wines as well as corporate advertising.

A terse statement issued jointly by Gallo and Needham late last week stated the two "have mutually agreed to terminate their relationship, effective March 1."

Beyond the official reasons given, Needham/Los Angeles president Gerry Rubin declined to elaborate on what led to the split other than to say it was not over creative or financial differences. "We found them, not unlike published reports, to be demanding clients," he said, "but there are lots of demanding clients and that's one of the prices of working for the nation's No. 1 winery."

An O&M executive said the agency had not gone after Needham's business, but wasn't surprised at being given the assignments. "Nothing Gallo does surprises me," he remarked.

Over the past 30 years, the winery has employed 15 advertising agencies, several of which have worked for Gallo twice.

NH&S has watched its store of Gallo business slowly dwindle during the past two years. The agency's Chicago office was first named to handle Gallo's premium table wines in April, 1982, after a

(Continued on Page 110)

ANA picks new president — Page 2

last minute news

ABC balks on ad time plan, cites soft market

NEW YORK—ABC will not go ahead with the third phase of its national ad time expansion because of the current market softness. However, ABC will make available as many as three additional weekly 30-second spots in prime time to its affiliates beginning in January. The additional spots will come out of airtime normally devoted to network promotions and program openings and closings. The expansion, being discussed at this week's ABC affiliate board of governors meeting in Hawaii, will put ABC stations on a par with CBS and NBC affiliates, which each get about 70 weekly 30-second spots from their respective networks.

Ziebart's 'Nobody hates ugly. . .' drive readied

TROY, MICH.—"Nobody hates ugly more than Ziebart" is the umbrella for Doyle Dane Bernbach's first campaign for Ziebart Rustproofing Co. It's

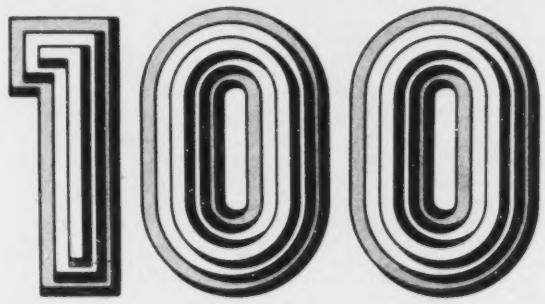
(Continued on Page 8)

Advertising Age
Magazine

DECEMBER 5, 1983

4

100 Leading Markets. The nation's largest (by population) markets are profiled in this report of economic activities across the nation. The profiles detail areas of growth or nongrowth, employment, construction activity and media outlets. Tables, charts and additional stories feature particular aspects of the individual markets. An index of profiles and feature material is at the right.



100 Leading Markets report coordinator: Sarah Stiansen
Cover illustration and maps: Steve Boswick

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To our readers

This issue marks the return, after a three-year interval, of Advertising Age's 100 Leading Markets issue.

What we've done—Advertising Age staff and quite a few free lance writers from around the country—is talk about what's happening in these marketplaces, beyond population swings and building starts. The profiles were written by those who *know* the markets, and at least 50 times while reading these profiles as they came in I was tempted to relocate.

As always, the best information is the kind that falls into our lap accidentally. That, perhaps, shouldn't surprise us, but this kind of information is frequently unexpected. In Fresno, Cal., for instance, local marketers are burned because Dancer Fitzgerald Sample recently eliminated the area from the agency's recommended list of ideal test market areas.

Or consider Buffalo. Everyone would probably suspect it's fairly typical of industrial northeastern cities, a victim of wrenching economic hard luck. And it is. But only in reading the litany of woes that beset the market, as detailed in our profile, can you get a hint of some of the difficulties that residents there must confront.

Then there's Houston, once the golden boy of major metropolitan markets. Some of the raw numbers indicate that it is, still, the kind of place a marketer should consider. But the slump in the oil business, among other things, has put a kind of economic straitjacket on the city. A lot of that Texas sheen has worn off.

The unexpectedly favorable news is, of course, more pleasant to read. Cleveland, the city that replaced Philadelphia as the butt of every joke, seems to be recovering nicely, says our profile. Maybe you haven't heard much about the city lately, now that it isn't quivering at the edge of a financial tidal wave. A low-key effort to pump economic life into the city has replaced headlines, and that probably suits the people there just fine.

It's also interesting to read of a market that is learning to go beyond its halcyon days. As our profile notes, it used be that in Las Vegas all you needed were some slot machines and a crap table, and the revenue would come spinning in. No more. The gaming people there have learned they can't expect to sit back and wait around for the sweet sound of money. They are beginning to market and merchandise their attractions. Certainly, the pressure from Atlantic City has shaken the somnolence out of those once sharp operators.

(Atlantic City, by the way, is not large enough to have made our list of markets. But it surely bears watching. It is growing rapidly, and it is making an impact in reviving the economy of the area.)

While these items may be of interest and importance, however, the lasting impact of these markets should come from those broad trends that a reading of all 100 profiles would suggest. The increasing suburbanization of America, for instance, is likely to continue as more markets of the Middlesex-Somerset-Hunterdon, N.J., or Lake County, Ill., category are added to the list. Also, everyone, but everyone, is talking about attracting "high-tech" businesses. And there is little doubt that a sense of econmic recovery is, indeed, evident.

It is this kind of trend-reading that gives this report value, placing the markets of this country into a time and a place that lend perspective.

Sarah Stiansen
Profile issues editor

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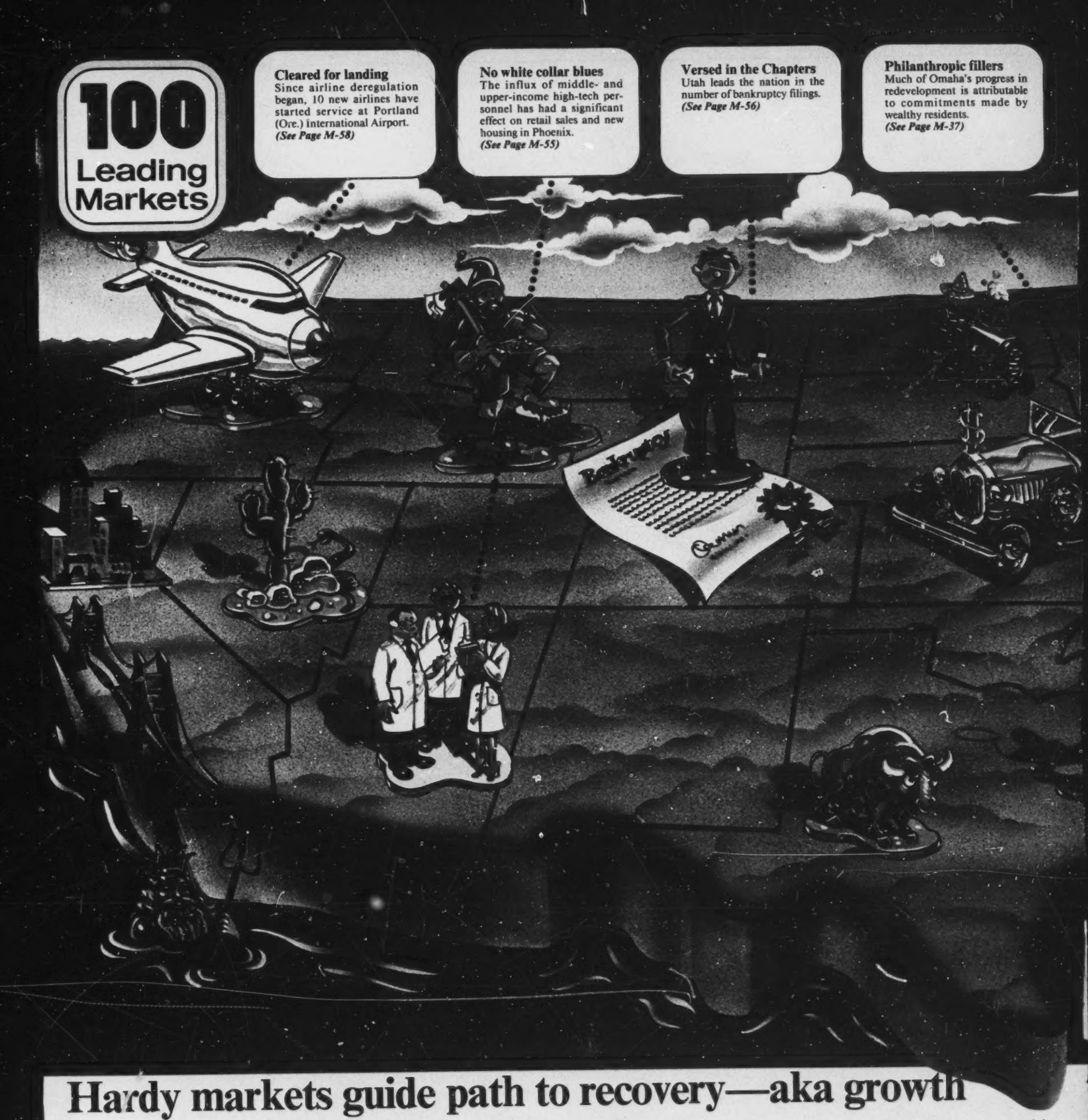
100 Leading Markets

Cleared for landing
Since airline deregulation began, 10 new airlines have started service at Portland (Ore.) International Airport.
(See Page M-58)

No white collar blues
The influx of middle- and upper-income high-tech personnel has had a significant effect on retail sales and new housing in Phoenix.
(See Page M-55)

Versed in the Chapters
Utah leads the nation in the number of bankruptcy filings.
(See Page M-56)

Philanthropic fillers
Much of Omaha's progress in redevelopment is attributable to commitments made by wealthy residents.
(See Page M-37)



Hardy markets guide path to recovery—aka growth

And it's not only the Sunbelt powerhouses

By Alfred Hong

The metropolitan markets that sustained our economy during the recent recession are setting a fast pace as they lead the nation toward a period of unprecedented growth and prosperity.

As keen marketers would suspect, current information from the latest "Marketing Economics Guide 1983-84" document that the erstwhile shining markets of the Sunbelt still dominate the list of the fastest-growing markets. For almost two years, they were able to withstand the difficult rolling adjustments that the entire economy endured in order to wring out the vestiges of rampant inflation. These markets of destiny, including Houston, Beaumont-Port Arthur, Corpus Christi in Texas and Fort Lauderdale-Hollywood-Pompano Beach, West Palm Beach-Boca Raton-Delray Beach and Orlando in Florida, showed their resiliency by continuing to build retail sales volume and attracting new businesses during their ordeal. Most significantly, these markets broke their shackles and generated the spark that started construction in private housing on its road to recovery.

An analysis of the data (*see tables on Page M-16*) shows that not all of the action has been confined to the above metropolitan areas located in Texas and Florida, however. Atlantic City, N.J., Portsmouth-Dover-Rochester, N.H., and Tucson, Ariz. for example, have been contributing substantially. The first two markets, located along the North Atlantic seaboard, were the focus of considerable excitement during the readjustment and are strong attractions in an otherwise quiescent region. As a result, they have played an important role in adding impetus to the rising economic activity in their region.

People in pursuit of their various economic roles make up markets. Marketers look to population, income and economic activity in each market to a basic yardstick. What follows is a detailed look at each of these measures:

Population

Population is a solid gauge of a market's strength and momentum. Among the 10 fastest-growing markets in retail sales from 1977 (U.S. Census) to 1982, five of them also placed among the top 10 in population growth from 1980 (U.S. Census) to 1983. Four of the remaining five markets also had very respectable increases.

On the other hand, the population growth for Atlantic City, N.J., has been only 1.6% lower than the 2.7% average for the U.S. as a whole. The special character of the market has provided it with considerable stimuli to foster dynamic growth.

It is apparent, however, that the city fathers need to reinforce the attractiveness of the market with resort or recreational area appeal before it can draw in people who will have more than a transient stake in its development.

In contrast, the spectacular population growth of 10.3% from 1980 to

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